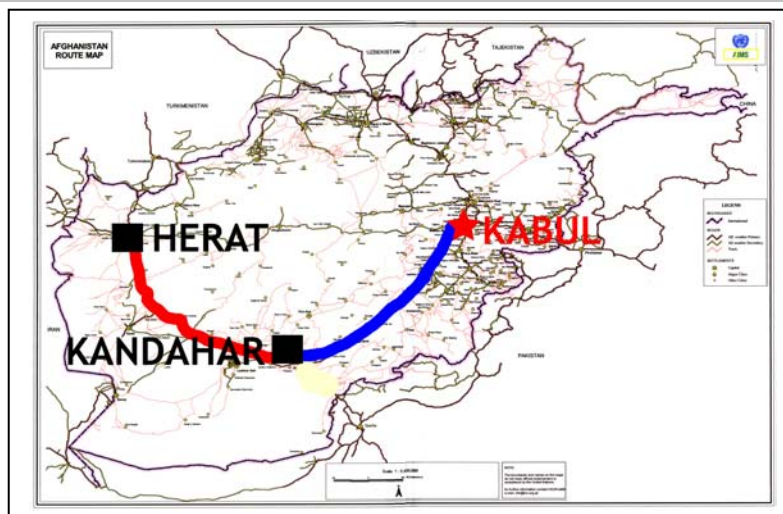


## Rehabilitation of Economic Facilities and Services (REFS) Program

### Project Summary

<b>Subsector</b>	Construction
<b>Location</b>	Nationwide
<b>Project Cost</b>	\$210.0 million
<b>Project Type</b>	Transportation, Water, Construction
<b>Project Executing Firm/Agency</b>	The Louis Berger Group, Inc.
<b>Funding Agency</b>	United States Agency for International Development



## Project Outline

The purpose of the Rehabilitation of Economic Facilities and Service Program (REFS) is to promote economic recovery and political stability in Afghanistan by repairing selected infrastructure needed to lower transportation costs; improve the provision of water and sanitation services; increase access to education, health, and local government facilities; restore electrical transmission and distribution systems; and repair/reconstruct irrigation systems, dams/diversions, and canals critical to the re-activation of the agricultural sector, the dominant means of livelihood in the country. To ensure the sustainability of the projects, an institutional strengthening component will be implemented for the transportation, water/waste water/solid waste, irrigation, and electric energy sectors.

Because of more than 20 years of conflict and 5 years of Taliban rule, the number of private sector construction companies has greatly diminished and most construction equipment has been destroyed. A secondary benefit of the REFS Program will be to strengthen Afghan construction companies' ability to implement international quality

construction work by mentoring them during the subcontracting and implementation processes.

USAID has contracted the Louis Berger Group, Inc. as the general contractor to manage this activity. Louis Berger is responsible for the design, supervision, and contracting of each individual activity. Louis Berger has just awarded design/build contracts to a number of subcontractors under an accelerated schedule to complete the entire road as quickly as possible. The subcontractors will begin actual construction in late June 2003 and will procure the necessary equipment and services to meet respective project timelines.

## Technical Description

The REFS Program consists of three components:

- Rehabilitation of selected medium to large infrastructure
- Institutional strengthening of selected public services
- Purchase, importation, and distribution to subcontractors of construction materials and supplies not available in Afghanistan

### **Rehabilitation of selected medium to large infrastructure:**

Rehabilitation of selected medium to large road infrastructure: The lack of good all-weather roads causes high transportation costs. This component will rehabilitate selected primary and secondary roads that are needed to move goods and services quickly and cost-effectively between major population centers. Depending on the availability of funding, it is estimated that up to 2,000 kilometers of hard surface and gravel roads will be repaired and up to 100 destroyed or damaged bridges will be rebuilt. The projects will range in size from \$200,000 to \$40.0 million and will be constructed in a variety of terrains and locations. Minimal heavy equipment exists in Afghanistan. It will be the contractor's responsibility to develop a list of equipment available in Afghanistan and equipment available for rent or lease from surrounding countries. USAID is developing a loan program to assist qualified borrowers to purchase equipment that will be leased to qualified subcontractors.

Reactivation of the Agricultural Sector: Water is the key resource for the agricultural sector. Depending upon the availability of funding, up to three major irrigation systems will be repaired, along with up to 1,000 kms of canals cleaned/repaired/improved and up to 400 dams or diversions repaired. The canal cleaning and repairing of dams or diversions will be packaged regionally and should be labor intensive. To encourage internally and externally displaced persons to return to their homes, wells for potable water need to be provided. Up to 3,000 wells will be drilled in various communities throughout the country. These wells will be packaged into groups based on need and geographical location.

Solid waste and waste water disposal: Solid waste collection and acceptable disposal sites are critically needed in Afghanistan, especially in urban areas. The same is true

for waste water systems. Projects for construction or upgrade of solid waste collection and disposal and for waste water disposal (canalization) in up to ten major urban areas will be developed.

Local government building reconstruction: Schools, health facilities, and local government buildings in many parts of Afghanistan have been destroyed or deteriorated beyond use due to lack of maintenance. Projects (more than \$100,000) to reconstruct these facilities will be developed.

**Institutional strengthening of selected public services:**

For those urban centers, villages, and regions receiving water, electricity, solid waste and/or waste water projects, an institutional strengthening activity will be developed to help establish or improve proper user fees, billing and collection, and customer service facilities. For those areas where applicable, an institutional strengthening component for irrigation activities will be developed to maintain the facilities and to collect water fees. In the transportation sector, institutional strengthening will be provided to the appropriate government agencies in maintenance of roads and bridges. In all activities, especially with irrigation systems, the contractor will design its institutional strengthening component to take into consideration local customs and procedures for operation that were or are being used.

**Purchase, importation, and distribution to subcontractors of construction materials and supplies not available in Afghanistan:**

Many key construction materials and supplies are not currently available in Afghanistan and must be imported from neighboring countries. Louis Berger will purchase an adequate quantity of these materials and supplies, import them in bulk to Afghanistan, and establish and maintain up to five supply depots, depending on location of program implementation. Louis Berger will issue to subcontractors the materials required to complete their projects. The value of the issued materials and supplies will be deducted from the subcontractor's approved contract as part of the construction costs.

## Project Site

The project will be on a nationwide basis. Individual project sites will be identified by the general contractor, the Louis Berger Group, Inc. The first set of projects being initiated under this activity is rebuilding the Kabul-Kandahar-Herat ring road stretching about 1,200 kms. The first contract for rebuilding a 49 km stretch from Durrani to Saray was awarded during project initiation and additional contracts were recently signed for the rest of the Kabul to Kandahar sections.

## Project Status/Timeline

The general contract was awarded to the Louis Berger Group, Inc. in October 2002. The road project from Kabul to Kandahar will be tendered in segments, Km 42-Km 92, Km

92–Km 142, and KM 142 - Kabul to Kandahar. The contract ends on 31 December, 2005 with the possibility of a one-year extension. Louis Berger selected a final list of subcontractors to complete the entire road segment during the second week of May, 2003. Additional details on this will be provided at the conference. Tendering for other activities under the project is ongoing, and updated information is available at [www.bergerafghanistan.com](http://www.bergerafghanistan.com).

USAID/Afghanistan will perform the selection of projects based on input from the following: 1. Priorities projects submitted by the consortium groups (project coordinating and implementing groups made up of International and local NGOs as well as Afghan local officials) located in each of the seven UN program areas; 2. International Community (IC) priority lists; 3. USG foreign policy and security considerations; and Host Country (HC) priority lists. The projects will include roads and bridges, potable water, solid waste and sanitation projects, schools health facilities, electric transmission/distribution systems, local government buildings and irrigation projects.

## **Equipment and Services**

The Louis Berger Group will be responsible for the preparation of tender documents, the review and approval of technical designs, and supervision of project implementation. Procurement of works, goods, and services and contract disbursements will be done through Louis Berger.

Suitable contractual arrangements for each component are being worked out but they are likely to include large design-build civil works contracts for the roads and a smaller turn key contracts to build electrical installations, water and wastewater systems, schools, hospitals etc. and arrangements for temporary bridges.

All of the projects under this activity will have the following service procurement:

- Engineering construction supervision and advisory services
- Civil works construction services

The road rehabilitation projects (the largest component under the REFS activity) will require the following equipment:

### Equipment

- Graders, compacting equipment, pneumatic, steel wheel, vibratory, etc.
- Trucks (dump, off road, concrete mixer, asphalt transport, etc.)
- Bulldozers
- Earthwork hauling equipment
- Cranes (rubber tire and crawler)
- Loaders (front end, pneumatic, and track)
- Asphalt pavement plant
- Asphalt paver

- Asphalt distributor
- International signs

## U.S. Competitiveness

An important objective of the REFS project is to rebuild the capacity of Afghan private contractors to undertake international-quality construction projects. Thus, it will be very important for U.S. firms to find strong local Afghan partners to win these tenders. U.S. firms are expected to be highly competitive in construction supervision and in the medium range for signing and marking and equipment sales. They are not expected to be very competitive in civil works construction. U.S. firms should expect tough competition from Turkish, Indian and Pakistani firms for the road segments.

## Project Financing

USAID has committed \$210.0 million to this activity. Additional contributions have been pledged by JICA (Japanese Aid) and Saudi Arabia. Neither of these donors have obligated a specific amount yet.

## Conclusion

This activity provides an excellent opportunity for U.S. equipment and service providers. Since a majority of funding is expected from U.S. sources, U.S. companies will definitely be given preference under REFS. Turkish companies are aggressively marketing themselves in Afghanistan and may also be good regional partners under this activity. It is very important for U.S. firms to find good local Afghan companies to partner with under this activity.

## Key Decision Makers

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